



**Press Release**  
**GODAVARI GAS PRIVATE LIMITED**  
**November 30, 2023**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.00	ACUITE C   Downgraded	-
Bank Loan Ratings	335.00	ACUITE D   Downgraded	-
Bank Loan Ratings	4.00	-	ACUITE A4   Downgraded
Bank Loan Ratings	50.00	-	ACUITE D   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	<b>390.00</b>	<b>-</b>	<b>-</b>

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE D' (read as ACUITE D)** from **Acuite A- (read as Acuite A minus)** and also downgraded the short term rating to '**ACUITE D' (read as ACUITE D)** from **ACUITE A2+ (read as ACUITE A two plus)** on the Rs.385.00 Cr bank facilities of Godavari Gas Private Limited (GGPL).

Acuite has also downgraded the long term rating to '**ACUITE C' (read as ACUITE C)** from **Acuite A- (read as Acuite A minus)** and also downgraded the short term rating to '**ACUITE A4' (read as ACUITE A four)** from **ACUITE A2+ (read as ACUITE two plus)** on the Rs.5.00 Cr bank facilities of Godavari Gas Private Limited (GGPL).

The downgrade is on account of written feedback received from one of the lenders and verbal confirmation from the company stating delays upto 7-8 days for the past 6 months for the repayment of interest on term loans. This delay is on account of cost and time overrun because of slow execution due to delay in capital infusion by the promoters.

**About the Company**

GGPL was incorporated in 2016 as a joint venture between Andhra Pradesh Gas Distribution Corporation Limited (APGDC) and Hindustan Petroleum Corporation Limited (HPCL). The company is engaged in distribution of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) in the districts of East Godavari and West Godavari in Andhra Pradesh. The project cost for laying of infrastructure in two districts for first 5 years is Rs 475 Cr which is funded through Rs 335 Cr of Term loan and Rs 140 Cr of Equity share capital.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

To arrive at rating, Acuité has considered the standalone business and financial risk profile of

## **Key Rating Drivers**

### **Strengths**

#### **Experienced management**

Godavari Gas Private Limited (GGPL) is incorporated as a joint venture of APGDC (Andhra Pradesh Gas Distribution Corporation Limited) and HPCL (Hindustan Petroleum Corporation Limited) in year 2016. Andhra Pradesh Gas Distribution Company holds 74% stake in GGPL and Hindustan Petroleum Corporation Limited holds 26% stake in the company.

### **Weaknesses**

#### **Delay in repayment of interest**

The company has been facing significant liquidity pressure, which has impeded its ability to meet its interest repayment in a timely manner.

#### **Time overruns**

The project has witnessed cost and time overrun because of slow execution due to delay in capital infusion by the promoters. Hence this resulted into increase in interest during construction period. Project cost is increased to around Rs 513 Cr from Rs 475 Cr. The additional cost will be funded by promoters.

### **Rating Sensitivities**

- Timely servicing of debt obligation
- Any further cost overrun and time overrun.

### **All Covenants**

None

### **Liquidity Position Stretched**

The liquidity position of the company is stretched as the company has defaulted on the timely servicing of its debt obligations.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	27.50	10.09
PAT	Rs. Cr.	(0.26)	(4.76)
PAT Margin	(%)	(0.94)	(47.14)
Total Debt/Tangible Net Worth	Times	2.20	2.76
PBDIT/Interest	Times	1.67	0.28

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entity: <https://www.acuite.in/view-rating-criteria-61.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Dec 2022	Bank Guarantee	Short Term	22.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	4.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	175.00	ACUITE A-   Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	160.00	ACUITE A-   Stable (Reaffirmed)
23 Sep 2021	Bank Guarantee	Short Term	4.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	175.00	ACUITE A- (Reaffirmed)
	Term Loan	Long Term	160.00	ACUITE A- (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.00	ACUITE A- (Reaffirmed)
	Bank Guarantee	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	22.00	ACUITE A2+ (Reaffirmed)
17 Apr 2020	Bank Guarantee	Short Term	22.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	5.00	ACUITE A2+ (Assigned)
	Term Loan	Long Term	175.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	160.00	ACUITE A-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	28.00	ACUITE D   Downgraded
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	22.00	ACUITE D   Downgraded
Indusind Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A4   Downgraded
Canara Bank	Not Applicable	Term Loan	30 Mar 2017	8.50	30 Sep 2032	Simple	175.00	ACUITE D   Downgraded
Canara Bank	Not Applicable	Term Loan	30 Mar 2017	8.50	30 Sep 2032	Simple	160.00	ACUITE D   Downgraded
Indusind Bank Ltd	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	1.00	ACUITE C   Downgraded

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Khushi Shah Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:khushi.shah@acuite.in">khushi.shah@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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